

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TENNESSEE
NORTHERN DIVISION AT KNOXVILLE**

In re :
:
K & L TRAILER LEASING, INC. : Case No. 3:20-bk-31620
: Chapter 11
Debtor :

**MOTION OF K & L TRAILER LEASING, INC.
FOR USE OF CASH COLLATERAL AND
REQUEST FOR PRELIMINARY EMERGENCY HEARING**

NOTICE OF HEARING

Notice is hereby given that:

A hearing will be held on the **Motion of K & L Trailer Leasing, Inc. For Use of Cash Collateral And Request For Preliminary Emergency Hearing** on **June 30, 2020, at 2:30 p.m.**, in the United States Bankruptcy Courtroom, Howard H. Baker, Jr. United States Courthouse, 800 Market Street, Knoxville, Tennessee 37902.

Given the current public health crisis, hearings may be telephonic only. Please check the court's website www.tneb.uscourts.gov prior to the hearing for instructions on whether to appear in person or by telephone. Information on how to call in and participate is also posted on the website.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

If you do not want the Court to grant the relief requested, you or your attorney must attend this hearing. If you do not attend the hearing, the Court may decide that you do not oppose the relief sought in the Motion of K & L Trailer Leasing, Inc. For Use of Cash Collateral And Request For Preliminary Emergency Hearing and may enter an order granting that relief.

Pursuant to 11 U.S.C. § 363(c)(2)(B) and Rule 4001(b) of the *Federal Rules of Bankruptcy Procedure*, K & L Trailer Leasing, Inc. ("Debtor" or "K & L Leasing") requests authority to use cash collateral initially on an emergency preliminary basis and, thereafter, on a

permanent basis during the course of this case after appropriate notice and hearing. In support of this Motion, K & L Leasing respectfully represents:

BACKGROUND

1. On June 29, 2020 (the “Petition Date”), K & L Leasing filed its Voluntary Petition under Chapter 11. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, K & L Leasing continues to operate its businesses and manage its property as Debtor-in-Possession.

2. No creditors’ committee has yet been appointed in this case.

3. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.

4. Located at 7828 Rutledge Pike, Knoxville, Tennessee, K & L Leasing leases new and used semi-trailers and repairs semi-trailers. K & L Leasing has been in business since 2000. K & L Leasing employs 11 people.

5. K & L Leasing has secured loans from: (a) BB&T Commercial Equipment Capital Corp. (“BB&T”); (b) First Midwest Equipment Finance Co. (“First Midwest”); and (c) Old Second National Bank (“Old Second”). K & L Leasing has granted security interests to BB&T, First Midwest, and Old Second. The collateral for BB&T, First Midwest, and Old Second may constitute “Cash Collateral” under 11 U.S.C. § 363(a) if these lenders have valid and perfected prepetition liens, but only to that extent. BB&T, First Midwest, and Old Second may be entitled to adequate protection for the use of Cash Collateral to the extent that the lenders have valid and perfected prepetition liens, but only to that extent. Any adequate protection should be conditioned upon the proof of the prepetition valid and perfected lien.

6. Without the use of Cash Collateral, K & L Leasing will be unable to pay monthly operating expenses to the detriment of creditors, including BB&T, First Midwest, and Old Second. Cash Collateral is subject to use by the Debtor pursuant to 11 U.S.C. § 363. Without

the use of Cash Collateral, the value of the business will deteriorate to the detriment of BB&T, First Midwest, and Old Second, and the estate generally. The value of K & L Leasing's business depends substantially on continued operations.

7. As adequate protection, K & L Leasing proposes to grant replacement liens in postpetition inventory and other assets to BB&T, First Midwest, and Old Second to the same extent and in the same priority as held in prepetition inventory and other assets, but only to the extent and in the amount as the Debtor's actual use of prepetition Cash Collateral.

8. K & L Leasing has a reasonable possibility for successful reorganization and believes that its operations will have positive cash flow.

PROCEDURE

10. Notice of this Motion has been given to: (i) the United States Trustee for the Eastern District of Tennessee, (ii) BB&T, (iii) First Midwest, (iv) Old Second, (v) the 20 largest unsecured creditors, and (vi) the U.S. Attorney. In light of the emergency and preliminary nature of the relief requested, K & L Leasing submits that no other or further notice of the emergency preliminary hearing need be given.

10. Pursuant to Bankruptcy Rule of Procedure 4001(b), K & L Leasing requests a preliminary hearing to approve interim use of Cash Collateral as reflected in the Budget – July 2020 attached as Exhibit A to the proposed Interim Order, pending a final hearing in order to avoid immediate and irreparable harm. K & L Leasing will not be able to continue operations unless allowed to use Cash Collateral to pay payroll, utilities, and perform maintenance and to pay other current operating expenses.

WHEREFORE, K & L Leasing requests:

- (1) That this Motion be heard at 2:30 p.m. on June 30, 2020;
- (2) That upon such hearing this Court grant the use of Cash Collateral to the extent of the ordinary operating expenses described in the Budget until a final hearing; and
- (3) That after a final hearing upon notice, this Court grant continued use of Cash Collateral pending the resolution of this case.

/s/ Maurice K. Guinn

Maurice K. Guinn

(Bar Code No. 000366)

Gentry, Tipton & McLemore, P.C.

P.O. Box 1990

Knoxville, Tennessee 37901

(865) 525-5300

Attorneys for K & L Trailer Leasing, Inc.

CERTIFICATE OF SERVICE

The undersigned certifies that on June 29, 2019, the foregoing **“Motion Of K & L Trailer Leasing, Inc. For Use Of Cash Collateral And Request For Preliminary Emergency Hearing”** and the proposed **“Interim Order Regarding The Use Of Cash Collateral And To Provide Adequate Protection”** were filed electronically. Notice of this filing will be sent by operation of the Court’s electronic filing system to the United States Trustee.

Additionally, copies of the **“Motion Of K & L Trailer Leasing, Inc. For Use Of Cash Collateral And Request For Preliminary Emergency Hearing”** and the proposed **“Interim Order Regarding The Use Of Cash Collateral And To Provide Adequate Protection”** were served on June 29, 2020, by electronic notice and first class mail as shown in the attachment hereto, which includes creditors on the List of 20 Largest Unsecured Creditors.

Debtor’s attorney will supplement this Certificate if additional creditors listed are served electronically, by telefax, or telephonically after the filing of this Motion.

/s/ Maurice K. Guinn

Maurice K. Guinn

11 W Properties Inc. 2002 W. Highway 11E New Market, TN 37820 Kathy.Nicely@gmail.com ray@raywalkertrucking.com	BB&T 2 Great Valley Parkway Suite 300 Malvern, PA 19355
Carrier Transicold South 500 Daniel Payne Drive Birmingham, AL 35214 info@ctsouth.com	Chase Inc P.O. Box 15123 Wilmington, DE 19850-5124
DPL Telematics 171 Main Street Los Altos, CA 94022 info@dpltelematics.com	First Farmer's Bank 441 Spring Street Pikeville, TN 37367
First Midwest 300 North Hunt Club Road Gurnee, IL 60031	Monro, Inc. Tires Now 200 Holleder Parkway Rochester, NY 14615 credit@monroinc.com
Old Second National Bank 37 S. River Street Aurora, IL 60506	Property Resources Management Inc. 2002 W. Highway 11E New Market, TN 37820 Kathy.Nicely@gmail.com ray@raywalkertrucking.com
Simply Bank 420 3rd Avenue Dayton, TN 37321	Woolf, McClane & Carpenter, PLLC P.O. Box 900 Knoxville, TN 37901-0900

Also emailed to:

tiffany.diIorio@usdoj.gov
Kenny.saffles@usdoj.gov
TDickenson@hdclaw.com